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SUBJECT: MOD RELEASES SPECTRUM; HOW AND WHY DISCUSSED WITH
US CONGRESSIONAL STAFFERS

REF: A. STATE 27310

[1](#)B. LONDON 603

[1](#)1. Department for Business, Innovation and Skills (BIS) officials discussed UK Broadband deployment challenges and successes with U.S. Congressional staffers from the Commerce committee on June 8. After a brief synopsis of where the UK government is on Digital Britain (Ref A), the conversation focused on the management and distribution of spectrum in the public sector.

[1](#)2. In 2007, HMG implemented an Administered Incentive Pricing (AIP) system, an annual "rent", for the use of frequencies in the radio spectrum requiring the public sector to pay for their allotment of radio frequencies. This system is intended to promote efficient use of spectrum. Since AIP was implemented, each government agency conducted an internal audit of their allotted spectrum and determined if there was in fact, a need for it. The MOD put up the most resistance to this idea at first, BIS officials told us. However, the UK government offered the incentive of retaining any revenue over GBP 500 million generated at the auction of the released spectrum which resulted in the MOD releasing 23 bands of excess spectrum back to the Government. BIS officials stressed they would not have been successful without this "carrot and stick" approach using revenue incentives and AIP.

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